

# Protect Access to Health Care Act Stakeholder Advisory Committee

Meeting

# Agenda

10:30 – 10:40 a.m.

10:40 – 10:50 a.m.

10:50 – 11:10 a.m.

11:10 – 11:40 a.m.

*11:40 – 11:50 a.m.*

11:50 a.m. – 12:50 p.m.

*12:50 – 1:10 p.m.*

1:10 – 1:50 p.m.

1:50 – 2:30 p.m.

2:30 p.m. or earlier

**1. Welcome, Opening Comments and Roll Call**

**2. Committee Member Feedback from January 14, 2026, Meeting**

**3. Federal Guidance Update**

**4. May Revision**

*BREAK*

**5. Protect Access to Health Care Act (PAHCA) Design and Implementation: Update for CY 2025 and CY 2026**

a. CY 2025 – Select Domains

b. CY 2026 – Select Domains

c. Primary and Specialty Care UDIs

*BREAK*

**PAHCA Design and Implementation: Update for CY 2025 and CY 2026 (*continued*)**

d. All Plan Letter Update

e. Department of Health Care Access and Information (HCAI) Update

**6. Public Comment**

**7. Meeting Adjournment**

# Welcome, Opening Comments, and Roll Call

# California Department of Health Care Services (DHCS) and Introductions

- » **Rafael Davtian**, Deputy Director, Health Care Financing
- » **Alek Klimek**, Assistant Deputy Director, Health Care Financing
- » **Aditya Voleti**, Division Chief, Provider Rates Division
- » **Sean Barber**, Division Chief, Capitated Rates Development Division
- » **Michelle Tamai**, Assistant Division Chief, Provider Rates Division
- » **Mathew Landing**, Branch Chief, Capitated Rates Development Division
- » **Hatzune Aguilar**, Stakeholder and Community Engagement Manager, Office of Communications
- » **Maria Romero-Mora**, Community Engagement Analyst, Office of Communications

# Committee Members (1/2)

- » **Linnea Koopmans**, Committee Chairperson, Chief Executive Officer, Local Health Plans of California
- » **Amy Moy**, Committee Vice Chairperson, Advocate for Sexual and Reproductive Health Care in California; Founder + Principal, Firehorse Strategies
- » **Sergio Aguilar-Gaxiola, MD, Ph.D.**, Professor of Clinical Internal Medicine, UC Davis Health; Founder and Director, Center for Reducing Health Disparities
- » **Kristen Cerf**, President and Chief Executive Officer, Blue Shield of California Promise Health Plan

## Committee Members (2/2)

- » **Tam Ma**, Associate Vice President for Health Policy and Regulatory Affairs, UC Office of the President, University of California Health
- » **Beth Malinowski**, Government Relations Advocate, SEIU California
- » **Antoinette “Toni” Marengo, MD, FACOG**, Chief Medical Transformation Officer, Planned Parenthood of the Pacific Southwest
- » **Jason Sorrick**, Vice President of Government Affairs, Global Medical Response
- » **Ariane Terlet, DDS**, Chief Dental Officer, La Clinica

# Committee Member Feedback from January 14, 2026 Meeting

# Committee Member Feedback from January 14, 2026 Meeting

- » At the January 14 meeting, DHCS requested Protect Access to Health Care Act Stakeholder Advisory Committee (PAHCA-SAC) members provide written feedback to DHCS no later than January 28, 2026
- » Three of nine PAHCA-SAC members provided feedback to DHCS. Committee members' written feedback has been posted on the PAHCA-SAC website under today's meeting materials
- » DHCS carefully considered key takeaways from the PAHCA-SAC members' feedback; given the final rule published by the Centers for Medicare and Medicaid Services (CMS) on February 2, 2026, allowing for a transition period through December 31, 2026, attention was given to Spending Plan feedback for 2025 and 2026 that contemplated such a transition period

# Federal Guidance Update

# H.R. 1 Recap: Refresh

- » **May 15, 2025:** Prior to the enactment of H.R. 1, CMS proposed regulations to administratively enact restrictions on health care-related taxes; under the proposed rule, California would be ineligible for a transition period; DHCS submitted comments regarding the proposed rule to CMS on July 14, 2025
- » **July 4, 2025:** H.R. 1 was signed by the President; among many provisions impacting the Medi-Cal program, H.R. 1 prohibits health care-related taxes that impose a disproportionately higher share of tax burden on Medicaid (which California's Managed Care Organization [MCO] tax does)
  - H.R. 1 provides the federal HHS Secretary with the discretion to grant a transition period of up to three years to impacted states
- » **November 14, 2025:** CMS issued [preliminary guidance](#) to states regarding health care-related taxes

# Federal Updates

- » **February 2, 2026:** CMS issued a [final rule](#) allowing a transition period for specified health care-related taxes impacted by H.R. 1's restrictions
  - This guidance leaves intact California's approved tax waiver for the MCO Tax through December 31, 2026, at which time the approved tax structure will sunset
- » **May 22, 2026:** CMS published a [proposed rule](#) clarifying limits on Managed Care State Directed Payments (SDPs) while newly adding limits for Fee-For-Service (FFS) "Targeted Medicaid Practitioner Payments"
  - Limits payments to Medicare rate or, when not available, Medicaid State Plan rate
  - Expands the categories of service subject to limits (beyond hospitals, nursing facilities and practitioner services at academic medical centers)
  - Includes provisions for grandfathering and delayed effective dates

# May Revision

# May Revision Highlights

- » The Governor's May Revision includes several proposals related to the MCO tax and Proposition 35:
  - 2027 MCO tax – Proposes a renewed MCO tax that complies with H.R. 1 requirements
  - Recalculated Managed Care Base Rate Increases (MCBRI) – Uses finalized Calendar Year (CY) 2025 and CY 2026 managed care rates
  - Additional MCBRI – Uses excess MCO tax revenue from CY 2025 and CY 2026 to support increased payments for Medi-Cal services
  - Behavioral Health (BH) Facility Throughputs – Allocates MCO tax revenues to support additional investments in BH

# 2027 MCO Tax (1/2)

- » Proposition 35, approved by the voters in November 2024, requires that the State seek federal approval to continue an MCO tax that is substantially similar to the structure of the existing MCO tax and limits non-Medicaid tax liability of future taxes to \$36 million annually; the existing MCO tax expires on December 31, 2026
- » Recent federal changes pursuant to H.R. 1 prohibit taxes that assess higher tax rates on Medi-Cal plans than commercial plans or otherwise place a disproportionately higher tax burden on Medi-Cal plans

# 2027 MCO Tax (2/2)

- » In order to comply with applicable federal and state laws, DHCS proposes to seek federal approval of a 2027 MCO tax with two components:
  - A substantially similar tax that is authorized and governed by Proposition 35
  - A substantially dissimilar tax authorized by the Legislature that is not subject to Proposition 35
- » The May Revision reflects net revenue of \$575 million in 2026-27, \$2.3 billion each in 2027-28 and 2028-29, and \$1.7 billion in 2029-30 from this new tax to support the Medi-Cal program and maintain Targeted Rate Increases (TRI) for primary, maternal, and mental health care at 87.5% of Medicare rates

# Recalculated and Additional MCBRIs

- » As discussed at the January 14 meeting, DHCS recalculated MCBRI amounts for CY 2025 and CY 2026 based on more recent data
- » In addition, upon fulfillment of Proposition 35 Core Spending Plan obligations for 2025 and 2026 under WIC section 14199.108.3, \$1.9 billion in excess MCO tax revenue from 2025 and 2026 is available and continuously appropriated by WIC section 14199.105 without regard to fiscal year
- » DHCS proposes to utilize this excess revenue to support additional MCBRI in CY 2025 and CY 2026
- » Increases in managed care rates are actual increases in DHCS' costs of purchasing health care services and reflect projections of Managed Care Plans' (MCP) increased costs of purchasing health care services, due to expanded health care benefits, services, workforce, and/or payment rates

# Recalculated MCBRIs (Core Spending Plan)

Domain	CY 25 Base Rate Increases (over CY 24) \$ Millions		CY 26 Base Rate Increases (over CY 24) \$ Millions	
	Original Allocation	Recalculated Allocation	Original Allocation	Recalculated Allocation
Primary Care	\$476.0	\$453.0	\$117.0	\$109.1
Specialty Care	\$353.0	\$335.2	\$63.0	\$131.6
ED Facility	-	\$20.0	-	\$117.7
Community and Outpatient Procedures	\$245.0	\$238.4	\$245.0	\$245.0
Ground Emergency Medical Transportation	\$27.0	-	\$27.0	-
<b>TOTAL</b>	<b>\$1,101.0</b>	<b>\$1,046.6</b>	<b>\$452.0</b>	<b>\$603.4</b>

This table reflects funding appropriated under WIC section 14199.108.3 which establishes the core spending plan for CY 2025 and CY 2026.

# Additional MCBRIs (Excess Revenue)

<b>Domain</b>	<b>Additional CY 25 and CY 26 Base Rate Increases (\$ Millions)</b>
Primary Care	\$307.4
Specialty Care	\$352.4
ED Facility	-
Community and Outpatient Procedures	\$64.7
Ground Emergency Medical Transportation	-
Other Services	\$1,156.5
<b>TOTAL</b>	<b>\$1,881.0</b>

This table reflects excess revenue appropriated under WIC section 14199.105 and is in addition to the funding appropriated under WIC section 14199.108.3 Core Spending Plan (previous slide).

# BH Facility Throughputs

- » Allocates \$122 million MCO tax funds for 2026 to support:
  - Retro Payments to Counties for State-Only BH Services
  - Behavioral Health Community Based Organized Networks of Equitable Care and Treatment Demonstration (BH-CONNECT) Centers of Excellence and Activity Funds Program Third-Party Administrator (TPA)
  - Children and Youth Behavioral Health Initiative (CYBHI) Services and Supports Platform

# BH Facility Throughputs

Component	2025 \$ Millions	2026 \$ Millions
Transitional Rent	\$22.6	\$53.2
Community-Based Mobile Crisis Services	\$25.4	\$25.3
BH Rate Growth	\$17.0	\$17.0
CYBHI Fee Schedule TPA	\$39.5	-
Retro Payments to Counties for State-Only BH Services*	\$56.0	
BH-CONNECT Centers of Excellence and Activity Funds TPA	\$4.2	\$8.4
CYBHI BH Services and Supports Platform*	\$53.4	
Unallocated*	\$278.0	
<b>CY Total</b>	<b>\$300.0</b>	<b>\$300.0</b>

\*Pending allocation between CY 2025 and CY 2026

# Committee Member Questions and Discussion



# PAHCA Design and Implementation Update for CY 2025 and CY 2026

# CY 2025 Spending Plan



# CY 2025 Payment Methodology Recap

- » The January 2026 Spending Plan update for CY 2025 included a variety of payment methodologies across the Proposition 35 domains including:
  - General support of the Medi-Cal program
  - TRI for Primary, Specialty, and ED Physician Care
  - MCBRI for Primary, Specialty, and Outpatient Care, and Ground Emergency Medical Transportation (GEMT) services
  - Uniform Dollar Increases (UDIs) for ED Physician and private GEMT services
  - Supporting the non-federal share of increases in special-funded Hospital SDP programs
  - Augmenting the existing Community Clinic Directed Payment (CCDP) for primary care services and supports
  - Graduate Medical Education (GME) programs at the University of California
  - Reproductive Health and Medi-Cal Workforce investments administered by HCAI
  - Investments to support BH Facility Throughputs

# CY 2025 Spending Plan Updates (1/2)

- » DHCS proposes to amend UDI add-ons for GEMT services for dates of service from July 1, 2025, through December 31, 2025:
  - Will allocate the full CY 2025 Spending Plan allocation (\$50 million) to provide UDI add-ons
  - Previously, the Spending Plan proposed \$23 million to provide UDI add-ons and \$27 million for MCBRI
- » DHCS proposes to refresh allocations of TRI and MCBRI based on more recent data and to reallocate funds as necessary between TRI, MCBRI, and Hospital SDP payment methodologies

# CY 2025 Spending Plan Update (2/2)

- » DHCS proposes to update allocations of BH Facility Throughputs funding between items based on more recent projections and to add investments supporting:
  - Retro Payments to Counties for State-Only BH Services
  - BH-CONNECT Centers of Excellence and Activity Funds TPA
  - CYBHI Services and Supports Platform

# CY 2025 Spending Plan (1/2)

Domain	Annual Allocation (\$ Millions)	Payment Methodologies
General Support of Medi-Cal Program	\$2,000	» \$2,000 – General Support
Primary Care	\$691	» \$238 – TRI » \$453 – MCBRI
Specialty Care	\$575	» \$73 – TRI » \$335 – MCBRI
Community and Outpatient Procedures	\$245	» \$238 – MCBRI » \$7 – Hospital SDPs
Reproductive Health	\$90	» \$90 – HCAI
Services and Supports for Primary Care	\$50	» \$50 – CCDP

# CY 2025 Spending Plan (2/2)

Domain	Annual Allocation (\$ Millions)	Payment Methodologies
ED Facilities and Physicians	\$355	<ul style="list-style-type: none"> <li>» \$7 – TRI ED Physician Services</li> <li>» \$93 – UDI ED Physician Services</li> <li>» \$20 – MCBRI</li> <li>» \$235 – Hospital SDPs</li> </ul>
Designated Public Hospitals (DPH)	\$150	<ul style="list-style-type: none"> <li>» \$150 – Hospital SDPs</li> </ul>
GEMT	\$50	<ul style="list-style-type: none"> <li>» \$50 – UDI</li> </ul>
BH Facility Throughputs	\$300	<ul style="list-style-type: none"> <li>» \$300 – Various Investments</li> </ul>
GME	\$75	<ul style="list-style-type: none"> <li>» \$75 – University of California</li> </ul>
Medi-Cal Workforce	\$75	<ul style="list-style-type: none"> <li>» \$75 – HCAI</li> </ul>
<b>TOTAL:</b>	<b>\$4,656</b>	

# CY 2025 Hospital SDP Program Allocations

Hospital Class	ED Domain	Community and Outpatient Domain	DPH Domain
Private Hospitals Directed Payment Program	\$198.5	-	-
District and Municipal Public Hospital Directed Payment	\$17.3	\$6.6	-
DPH Enhanced Payment Program	\$25.8	-	-
DPH Quality Incentive Program	-	-	\$150.0
<b>TOTAL</b>	<b>\$241.6</b>	<b>\$6.6</b>	<b>\$150.0</b>

# CY 2025 Recalculated MCBRIs

Domain	CY 25 Base Rate Increases (over CY 24) \$ Millions	
	Original Allocation	Recalculated Allocation
Primary Care	\$476.0	\$453.0
Specialty Care	\$353.0	\$335.2
ED Facility	-	\$20.0
Community and Outpatient Procedures	\$245.0	\$238.4
Ground Emergency Medical Transportation	\$27.0	-
<b>TOTAL</b>	<b>\$1,101.0</b>	<b>\$1,046.6</b>

# CY 2025 State Plan Amendments (SPAs): GEMT

- » DHCS posted [Addendum to Public Notice](#) (March 27, 2026) for Proposed SPA 25-0003-B (submitted to CMS on March 30, 2026)
  - Proposes an increase to GEMT supplemental payment for qualifying GEMT procedure codes due to the increased allocation to \$50 million
  - Effective period remains July 1, 2025, through December 31, 2025
- » Original SPA 25-0003-B Public Notice (published on June 26, 2025)
- » SPA 25-0003 Public Notice Addendum (published on July 3, 2025)
- » This SPA is pending federal approval

# GEMT Supplemental Payment Add-On Proposed in the Addendum to SPA 25-0003-B (1/2)

<b>HCPCS<sup>1</sup> Code</b>	<b>Supplemental Payment Add-On Amount (Original)</b>	<b>Supplemental Payment Add-On Amount (Updated)<sup>2</sup></b>
A0429	<b>\$141.83</b>	<b>\$308.32</b>
A0427	<b>\$141.83</b>	<b>\$308.32</b>

<sup>1</sup> Healthcare Common Procedure Coding System

<sup>2</sup> Add-on amount applies to qualifying private GEMT services originating from a 911 call center or equivalent public answering point

# GEMT Supplemental Payment Add-On Proposed in the Addendum to SPA 25-0003-B (2/2)

HCPCS Code	Description	Current Fee Schedule Rate <sup>1</sup>	Quality Assurance Fee (QAF) Add-On Amount	SPA 25-0003-B Supplemental Payment Add-On Amount <sup>2</sup>	Resulting Payment Amount
A0429	Basic Life Support, Emergency	\$118.20	\$220.80	<b>\$308.32</b>	\$647.32
A0427	Advanced Life Support, Level 1, Emergency	\$118.20	\$220.80	<b>\$308.32</b>	\$647.32

<sup>1</sup> These are the base rates associated with these codes but are subject to further adjustments pursuant to the State Plan

<sup>2</sup> Add-on amount applies to qualifying private GEMT services originating from a 911 call center or equivalent public answering point

# Committee Member Questions and Discussion



# CY 2026 Spending Plan



# CY 2026 Spending Plan Updates (1/3)

- » DHCS proposes to amend the UDI add-ons for ED Physician services for dates of service from January 1, 2026, through December 31, 2026:
  - Extends the UDI add-on period for the full CY (previously through June 30, 2026)
  - Removes Current Procedural Terminology (CPT) code 99283 from supplemental payment, and changes add-on amounts for select codes – specifically only for eligible services provided in non-academic medical centers (non-AMCs)

# CY 2026 Spending Plan Updates (2/3)

- » DHCS proposes to amend the Spending Plan for GEMT services for dates of service from January 1, 2026, through December 31, 2026:
  - Extends the UDI add-on period for the full CY (previously through June 30, 2026)
  - Like 2025, DHCS will allocate the full CY 2026 Spending Plan allocation (\$50 million) to provide UDI add-ons, an increase from the previously proposed \$23 million
- » DHCS proposes to refresh allocations of TRI and MCBRI based on more recent data and to reallocate funds as necessary between TRI, MCBRI, and Hospital SDP payment methodologies

# CY 2026 Spending Plan Updates (3/3)

- » DHCS proposes to update allocations of BH Facility Throughputs funding between items based on more recent projections and to add investments supporting:
  - Retro Payments to Counties for State-Only BH Services.
  - BH-CONNECT Centers of Excellence and Activity Funds TPA.
  - CYBHI Services and Supports Platform.

# CY 2026 Spending Plan (1/2)

Domain	Annual Allocation (\$ Millions)	Payment Methodologies
General Support of Medi-Cal Program	\$2,000	» \$2,000 – General Support
Primary Care	\$691	» \$234 – TRI* » \$109 – MCBRI* » \$348 – UDI*
Specialty Care	\$575	» \$72 – TRI* » \$132 – MCBRI* » \$371 – UDI*
Community and Outpatient Procedures	\$245	» \$245 – MCBRI*
Reproductive Health	\$90	» \$90 – HCAI
Services and Supports for Primary Care	\$50	» \$50 – CCDP

\*DHCS will recalculate expenditures for TRI, MCBRI, and UDI based on more recent data in 2026 and may reallocate between payment methodologies

# CY 2026 Spending Plan (2/2)

Domain	Annual Allocation (\$ Millions)	Payment Methodologies
ED Facilities and Physicians	\$355	<ul style="list-style-type: none"> <li>» \$7 – TRI ED Physician Services*</li> <li>» \$93 – UDI ED Physician Services*</li> <li>» \$137 – Hospital SDPs*</li> <li>» \$118 – MCBRI*</li> </ul>
DPH	\$150	<ul style="list-style-type: none"> <li>» \$150 – Hospital SDPs</li> </ul>
GEMT	\$50	<ul style="list-style-type: none"> <li>» \$50 – UDI</li> </ul>
BH Facility Throughputs	\$300	<ul style="list-style-type: none"> <li>» \$300 – Various Investments</li> </ul>
GME	\$75	<ul style="list-style-type: none"> <li>» \$75 – University of California</li> </ul>
Medi-Cal Workforce	\$75	<ul style="list-style-type: none"> <li>» \$75 – HCAI</li> </ul>
<b>TOTAL:</b>	<b>\$4,656</b>	

\*DHCS will recalculate expenditures for TRI, MCBRI, and UDI based on more recent data in 2026 and may reallocate between payment methodologies

# CY 2026 Hospital SDP Program Allocations

Hospital Class	ED Domain	Community and Outpatient Domain	DPH Domain
Private Hospitals Directed Payment Program	Being Calculated	-	-
District and Municipal Public Hospital Directed Payment	Being Calculated	-	-
DPH Enhanced Payment Program	Being Calculated	-	-
DPH Quality Incentive Program	-	-	\$150.0
<b>TOTAL</b>	<b>\$137.3</b>	<b>-</b>	<b>\$150.0</b>

# CY 2026 Recalculated and Additional MCBRIs

Domain	CY 26 Base Rate Increases (over CY 24) \$ Millions	
	Original Allocation	Recalculated Allocation
Primary Care	\$117.0	\$109.1
Specialty Care	\$63.0	\$131.6
ED Facility	-	\$117.7
Community and Outpatient Procedures	\$245.0	\$245.0
Ground Emergency Medical Transportation	\$27.0	-
<b>TOTAL</b>	<b>\$452.0</b>	<b>\$603.4</b>

\*Original Allocation and Recalculated Allocation reflect funding appropriated under WIC section 14199.108.3.

# CY 2026 SPAs: ED Physician

- » DHCS posted [Addendum to Public Notice](#) (March 27, 2026) for Proposed [SPA 26-0007](#) (submitted to CMS on March 30, 2026):
  - Extends the effective period from January 1, 2026, through December 31, 2026.
  - Specifies that eligible services will include only those provided in non-AMCs due to the H.R. 1 Medicare benchmark for AMCs
  - Removes CPT code 99283 from supplemental payment due to the average MCP rate exceeding the Medicare rate
  - Updates supplemental payment amounts for select CPT codes up to 100% of Medicare
- » Original SPA 26-0007 Public Notice (published on December 30, 2025)
- » This SPA is pending federal approval

# ED Physician Supplemental Payment Add-On Proposed in the Addendum to SPA 26-0007 (1/2)

CPT Code	Supplemental Payment Add-On Amount (Original)	Supplemental Payment Add-On Amount (Updated)
99282	<b>\$7.31</b>	<b>\$2.69</b>
99283	<b>\$13.38</b>	<b>NA</b>
99284	<b>\$20.50</b>	<b>\$28.53</b>
99285	<b>\$32.42</b>	<b>\$41.29</b>

Removed from supplemental payment due to the Average MCP Rate (\$81.04) exceeding the Statewide Weighted Average Medicare rate (\$70.30)

# ED Physician Supplemental Payment Add-On Proposed in the Addendum to SPA 26-0007 (2/2)

CPT Code	Description	Current Fee Schedule Rate <sup>1</sup>	SPA 26-0007 Supplemental Payment Add-On Amount	Resulting Payment Amount
99282	EMERGENCY DEPT VISIT SF MDM	\$24.38	<b>\$2.69</b>	\$27.07
99284	EMERGENCY DEPT VISIT MOD MDM	\$68.35	<b>\$28.53</b>	\$96.88
99285	EMERGENCY DEPT VISIT HI MDM	\$108.08	<b>\$41.29</b>	\$149.37

<sup>1</sup> These are the base rates associated with these codes but are subject to further adjustments pursuant to the State Plan

# CY 2026 ED Physician SDP

- » DHCS submitted an amendment to the CY 2026 ED Physician SDP preprint.
  - Amends the time-limited UDI add-ons for qualifying ED Physician services, in alignment with SPA 26-0007 Addendum, for MCPs for dates of service from January 1, 2026, through December 31, 2026.
  - This SDP preprint was submitted on April 15, 2026, and is pending federal approval.

# CY 2026 SPAs: GEMT

- » DHCS posted [Addendum to Public Notice](#) (March 27, 2026) for Proposed [SPA 26-0006](#) (submitted to CMS on March 30, 2026)
  - Proposes an increase to GEMT supplemental payment for qualifying GEMT procedure codes due to the increased allocation to \$50 million
  - Extends the effective period from January 1, 2026, through December 31, 2026
- » Original SPA 26-0006 Public Notice (published on December 30, 2025)
- » This SPA is pending federal approval

# GEMT Supplemental Payment Add-On Proposed in SPA 26-0006 (1/2)

<b>HCPCS Code</b>	<b>Supplemental Payment Add-On Amount (Original)</b>	<b>Supplemental Payment Add-On Amount (Updated)<sup>1</sup></b>
A0429	<b>\$70.91</b>	<b>\$165.08</b>
A0427	<b>\$70.91</b>	<b>\$165.08</b>

<sup>1</sup> Add-on amount applies to qualifying private GEMT services originating from a 911 call center or equivalent public answering point

# GEMT Supplemental Payment Add-On Proposed in SPA 26-0006 (2/2)

HCPCS Code	Description	Current Fee Schedule Rate <sup>1</sup>	QAF Add-On Amount	SPA 26-0006 Supplemental Payment Add-On Amount <sup>2</sup>	Resulting Payment Amount
A0429	Basic Life Support, Emergency	\$118.20	\$220.80	<b>\$165.08</b>	\$504.08
A0427	Advanced Life Support, Level 1, Emergency	\$118.20	\$220.80	<b>\$165.08</b>	\$504.08

<sup>1</sup> These are the base rates associated with these codes but are subject to further adjustments pursuant to the State Plan.

<sup>2</sup> Add-on amount applies to qualifying private GEMT services originating from a 911 call center or equivalent public answering point.

# Committee Member Questions and Discussion



# Primary and Specialty Care UDIs



# Introduction

- » Proposition 35 allocates funding to expand the health care payment levels for Primary and Specialty Care services
- » In alignment with the Proposition 35 Spending Plan, DHCS is developing supplemental payments for Primary and Specialty Care services
- » These payments are proposed to be effective in both FFS and managed care for dates of service from July 1, 2026, through December 31, 2026
- » The BH-CONNECT demonstration Special Terms and Conditions (STCs) require DHCS to maintain TRI payment levels through December 31, 2029, and to achieve specified payment levels relative to Medicare for specified services by December 31, 2026

# Proposition 35 Definitions

## » **Primary care services** to include:

- Physicians and Non-Physicians
  - Health professionals, including non-physician medical practitioners, whose practice is predominantly that of medicine, family practice, internal medicine, pediatrics, obstetrics or gynecology<sup>1</sup>
- Provider must be providing primary care, non-specialty mental health, or maternity care<sup>2</sup>
  - Non-specialty mental health providers include psychiatrists, psychologists, marriage and family therapists, social workers, clinical counselors

## » **Specialty services** to include:

- Health care services provided by a physician or podiatrist who delivers services, treatment, or procedures, at least some of which do not qualify as primary care<sup>3</sup>

<sup>1</sup>22 CCR 51170.5, subsection (b); <sup>2</sup>WIC section 14199.108.3; <sup>3</sup> WIC section 14199.128

# UDI Design Decisions

- » Dollar amount of the supplemental payment for each code will be consistent across FFS and MCPs
- » In managed care, payments will be provided as UDIs on top of negotiated payment rates
  - UDIs will be provided on top of TRI minimum fee schedule rates for overlapping codes
  - UDIs will apply only to contracted network providers
- » Rates will not exceed 100% of Medicare rate at both AMCs and non-AMC settings in both managed care and FFS

# Code List Initial Stakeholdering

A preliminary Primary and Specialty Care Code List was developed and shared with stakeholders in March 2026, that included **1,987 codes.**

- » The preliminary Proposition 35 Code List was shared with stakeholders and posted to the DHCS website to obtain feedback
- » The preliminary Code List was developed from:
  - Codes commonly billed by eligible providers, based on utilization across managed care and FFS delivery systems
  - Feedback from PAHCA-SAC members and stakeholders
  - DHCS priority determinations, such as increasing access to care for Medi-Cal members
  - TRI fee schedule

# Code List Additions

An internal review process added 638 codes to the preliminary Code List.

- » Codes were added to ensure alignment with:
  - **Office of Health Care Affordability (OHCA)** Primary Care Code Set
  - **Additional recommendations by DHCS medical consultants**
  - Interrelated codes on the **Medicare Physician Fee Schedule (MPFS)** and the **Medi-Cal Fee Schedule**
- » Codes were also added to address stakeholder feedback submitted in April 2026 via the preliminary Code List feedback process, accounting for 357 of the added codes including:
  - Critical care and inpatient physician services
  - Laboratory/Pathology and Radiology services (professional component)

# Code List Removals

Codes were **removed** from the list for the following reasons:

- » **719 codes** were not on the MPFS or Medi-Cal fee schedule
- » **668 codes** from reported encounters had an overall Medi-Cal Managed Care unit cost higher than the Medicare rate – *these codes may be re-added with a \$0 UDI*
- » **29 additional codes** for anesthesia services were removed as this category, in aggregate, had overall Medi-Cal Managed Care unit cost higher than the Medicare rate
- » **5 additional codes** were removed as they overlap with Proposition 56 Family Planning services UDIs
- » **39 codes** were removed as, upon further review, they did not meet the Proposition 35 definition of Primary and Specialty Care

**Resulting in 1,165 codes for UDI add-on**

# UDI Development

The development of the per-code UDI amounts must triangulate three financial constraints:

- » BH-CONNECT requirements for different code categories (i.e., the floor)
- » Not exceed 100% of Medicare for AMC and non-AMC (i.e., the ceiling)
- » Proposition 35 Spending Plan allocations

# Achievement of Payment Level Requirements

		% of Medicare Payment Level for Category After Add-ons are Applied		
BH-CONNECT Categories	STC Minimum	Managed Care	FFS	Aggregate
Evaluation and Management (E/M) for Office Visits	90%	99.5%	99.6%	<b>99.5%</b>
Obstetrics	90%	99.0%	95.7%	<b>98.8%</b>
Non-Specialty Mental Health	87.5%	99.9%	97.1%	<b>99.6%</b>
Vaccine Administration	87.5%	97.2%	97.2%	<b>97.2%</b>
Other Procedure Codes	80%	96.5%	73.1%	<b>93.5%</b>

% of Medicare Managed Care	AMC	Non-AMC	Aggregate
	99.9%	98.9%	98.9%

# Seeking Federal Approval

- » DHCS will publish a SPA Public Notice on or before June 30, 2026, and will submit the SPA package to CMS on or before September 30, 2026
- » DHCS will submit the CY 2026 Primary and Specialty Care SDP preprint to CMS
  - Provides time-limited UDI add-ons for qualifying Primary and Specialty Care services, in alignment with the future SPA submission, for managed care services for dates of service from July 1, 2026, through December 31, 2026
  - This pre-print will be submitted on or before June 30, 2026

# Committee Member Questions and Discussion



# All Plan Letter Update



# Background

- » DHCS communicates with MCPs by means of All Plan Letters (APL) to clarify MCPs' contractual obligations, provide implementation instructions for such obligations, and/or issue guidance with regulatory force and effect when DHCS interprets, implements, or makes specific relevant State statutes under its authority
- » Proposition 35 requires DHCS to consult with PAHCA-SAC prior to issuing guidance such as APLs implementing components of the PAHCA

# APL Drafts

- » ED Physician APL
  - DHCS will release guidance for MCPs on requirements and direction for the ED Physician Proposition 35 UDI SDP
- » GEMT APL
  - DHCS will release guidance for MCPs on requirements and direction for the GEMT Proposition 35 UDIs alongside the GEMT QAF program
- » Primary and Specialty Care APL
  - DHCS will release guidance for MCPs on requirements and direction for the Primary and Specialty Care Proposition 35 UDI SDP
- » TRI APL
  - DHCS will update the TRI APL to provide technical clarifications to the TRI Minimum Fee Schedule SDP
- » CCDP APL
  - DHCS will release guidance for MCPs on requirements and direction for the CCDP

# Committee Member Questions and Discussion



# Department of Health Care Access and Information

CY 2025 and CY 2026 Investments

# Committee Member Questions and Discussion



# Request for Input

# Request for Committee Members' Written Input

- » DHCS requests the PAHCA-SAC members' written input on the materials presented today no later than June 12, 2026.
- » Please email written input to [DHCSPAHCA@dhcs.ca.gov](mailto:DHCSPAHCA@dhcs.ca.gov).

# Public Comment

# Public Comment Procedures

- » Public comment will include members of the public present in the room and those attending virtually. Comments will first be taken from in-person attendees followed by online attendees.
- » Each speaker is allowed up to one minute to share their comments.
- » Each speaker is requested to state their name and organization.
- » DHCS will listen carefully to your comments but is not able to provide immediate responses to questions.
- » If time runs out, members of the public can share additional comments via email to [DHCSPAHCA@dhcs.ca.gov](mailto:DHCSPAHCA@dhcs.ca.gov).

# Meeting Adjournment

# Appendix

# Glossary

- » AMC: Academic Medical Center
- » APL: All Plan Letter
- » CCDP: Community Clinic Directed Payment
- » CMS: Centers for Medicare and Medicaid Services
- » CPT: Current Procedural Terminology
- » CY: Calendar Year
- » CYBHI: Children and Youth Behavioral Health Initiative
- » DPH: Designated Public Hospitals
- » DHCS: California Department of Health Care Services
- » E/M: Evaluation and Management
- » ED: Emergency Department
- » FFS: Fee-for-Service
- » GEMT: Ground Emergency Medical Transportation
- » GME: Graduate Medical Education
- » HCAI: Department of Health Care Access & Information
- » HCPCS: Healthcare Common Procedure Coding System
- » HHS: Department of Health and Human Services
- » H.R.: House of Representatives
- » MCBRI: Managed Care Base Rate Increase
- » MCO: Managed Care Organization

# Glossary

- » MCP: Managed Care Plan
- » MPFS: Medicare Physician Fee Schedule
- » MR: May Revision
- » OHCA: Office of Health Care Affordability
- » PAHCA: Protect Access to Health Care Act
- » PAHCA-SAC: Protect Access to Health Care Act Stakeholder Advisory Committee
- » QAF: Quality Assurance Fee
- » SDP: State Directed Payment
- » SMHS: Specialty Mental Health Services
- » SPA: State Plan Amendment
- » STC: Special Terms & Conditions
- » TPA: Third-Party Administrator
- » TRI: Targeted Rate Increase
- » UDI: Uniform Dollar Increase
- » WIC: California Welfare and Institutions Code